

SENATE BILL No. 445

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Repeal of inheritance tax. Provides that the state inheritance tax does not apply to property interest transfers made by a decedent who dies after June 30, 1999. Amends the Indiana estate tax formula and provides that the amended formula applies to property interest transfers made by a decedent who dies after June 30, 1999.

Effective: July 1, 1999.

Ford, Alting

January 13, 1999, read first time and referred to Committee on Finance.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 445

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not**
4 **apply to a property interest transferred from the estate of a**
5 **decedent whose death occurs after June 30, 1999.**

6 SECTION 2. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE
7 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not**
9 **apply to a property interest transferred from the estate of a**
10 **decedent whose death occurs after June 30, 1999.**

11 SECTION 3. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE
12 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
13 1, 1999]: **Sec. 0.2. Beginning July 1, 1999, this chapter does not**
14 **apply to a property interest transferred from the estate of a**
15 **decedent whose death occurs after June 30, 1999.**

16 SECTION 4. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE
17 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY



1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.**

SECTION 5. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.**

SECTION 6. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.**

SECTION 7. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.**

SECTION 8. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.**

SECTION 9. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 0.5. Beginning July 1, 1999, this chapter does not apply to a property interest transferred from the estate of a decedent whose death occurs after June 30, 1999.**

SECTION 10. IC 6-4.1-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 2. (a) This section applies to the estate of a decedent whose death occurs before July 1, 1999.**

(b) The Indiana estate tax is the amount determined in STEP FOUR of the following formula:

STEP ONE: Divide:

- (A) the value of the decedent's Indiana gross estate; by
- (B) the value of the decedent's total gross estate for federal estate tax purposes.

STEP TWO: Multiply:

- (A) the quotient determined under STEP ONE; by
- (B) the federal state death tax credit allowable against the decedent's federal estate tax.



The product is the Indiana portion of the federal state death tax credit.

STEP THREE: Subtract:

(A) the amount of all Indiana inheritance taxes actually paid as a result of the decedent's death; from

(B) the product determined under STEP TWO.

STEP FOUR: Determine the greater of the following:

(A) The remainder determined under STEP THREE.

(B) Zero (0).

~~(b)~~ (c) For purposes of this section, the value of a nonresident decedent's Indiana gross estate equals the total fair market value on the appraisal date of tangible personal property and real estate which had an actual situs in Indiana at the time of the decedent's death and which is included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

~~(c)~~ (d) For purposes of this section, the value of a resident decedent's Indiana gross estate equals the total fair market value on the appraisal date of personal property and real estate that had an actual situs in Indiana at the time of the decedent's death and all intangible personal property wherever located that is included in the decedent's gross estate for federal estate tax purposes.

~~(d)~~ (e) For purposes of this section, the value of a resident or nonresident decedent's total gross estate for federal estate tax purposes equals the total fair market value on the appraisal date of the property included in the decedent's gross estate for federal estate tax purposes under Sections 2031 through 2044 of the Internal Revenue Code.

~~(e)~~ (f) For purposes of determining the value of a decedent's Indiana gross estate and the decedent's total gross estate, the appraisal date for each property interest is the date on which the property interest is valued for federal estate tax purposes.

~~(f)~~ (g) The estate tax does not apply to a property interest transfer made by a resident decedent if the interest transferred is in:

(1) real property located outside Indiana, regardless of whether the property is held in a trust or whether the trustee is required to distribute the property in-kind; or

(2) real property located in Indiana, if:

(A) the real property was transferred to an irrevocable trust during the decedent's lifetime;

(B) the transfer to the trust was not made in contemplation of the transferor's death, as determined under IC 6-4.1-2-4; and

(C) the decedent does not have a retained interest in the trust.

SECTION 11. IC 6-4.1-11-2.5 IS ADDED TO THE INDIANA



CODE AS A NEW SECTION TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 1999]: **Sec. 2.5.** (a) This section applies to the
 estate of a decedent whose death occurs after June 30, 1999.

(b) The Indiana estate tax is the amount determined in STEP
 THREE of the following formula:

STEP ONE: Divide:

- (A) the value of the decedent's Indiana gross estate; by
- (B) the value of the decedent's total gross estate for federal
 estate tax purposes.

STEP TWO: Multiply:

- (A) the quotient determined under STEP ONE; by
- (B) the federal state death tax credit allowable against the
 decedent's federal estate tax.

The product is the Indiana portion of the federal state death
 tax credit.

STEP THREE: Determine the greater of the following:

- (A) The product determined under STEP TWO.
- (B) Zero (0).

(c) For purposes of this section, the value of a nonresident
 decedent's Indiana gross estate equals the total fair market value
 on the appraisal date of tangible personal property and real estate
 that had an actual situs in Indiana at the time of the decedent's
 death and that is included in the decedent's gross estate for federal
 estate tax purposes under Sections 2031 through 2044 of the
 Internal Revenue Code.

(d) For purposes of this section, the value of a resident
 decedent's Indiana gross estate equals the total fair market value
 on the appraisal date of personal property and real estate that had
 an actual situs in Indiana at the time of the decedent's death and all
 intangible personal property wherever located that is included in
 the decedent's gross estate for federal estate tax purposes.

(e) For purposes of this section, the value of a resident or
 nonresident decedent's total gross estate for federal estate tax
 purposes equals the total fair market value on the appraisal date
 of the property included in the decedent's gross estate for federal
 estate tax purposes under Sections 2031 through 2044 of the
 Internal Revenue Code.

(f) For purposes of determining the value of a decedent's
 Indiana gross estate and the decedent's total gross estate, the
 appraisal date for each property interest is the date on which the
 property interest is valued for federal estate tax purposes.

(g) The estate tax does not apply to a property interest transfer



- 1 made by a resident decedent if the interest transferred is in:
2 (1) real property located outside Indiana, regardless of
3 whether the property is held in a trust or whether the trustee
4 is required to distribute the property in-kind; or
5 (2) real property located in Indiana, if:
6 (A) the real property was transferred to an irrevocable
7 trust during the decedent's lifetime;
8 (B) the transfer to the trust was not made in contemplation
9 of the transferor's death, as determined under
10 IC 6-4.1-2-4; and
11 (C) the decedent does not have a retained interest in the
12 trust.

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